

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 228

HOUSE BILL 2440

AN ACT

AMENDING SECTIONS 15-491, 15-964 AND 15-1021, ARIZONA REVISED STATUTES;
AMENDING TITLE 15, CHAPTER 16, ARIZONA REVISED STATUTES, BY ADDING ARTICLE
8; RELATING TO SCHOOL DISTRICT FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-491, Arizona Revised Statutes, is amended to
3 read:

4 15-491. Elections on school property; exceptions

5 A. The governing board of a school district may, and upon petition of
6 fifteen per cent of the school electors as shown by the poll list at the last
7 preceding annual school election shall, call an election for the following
8 purposes:

9 1. To locate or change the location of school buildings.

10 2. To purchase or sell school sites or buildings or sell school sites
11 pursuant to section 15-342 or to build school buildings, but the
12 authorization by vote of the school district shall not necessarily specify
13 the site to be purchased.

14 3. To decide whether the bonds of the school district shall be issued
15 and sold for the purpose of raising money for purchasing or leasing school
16 lots, for building or renovating school buildings, for improving school
17 grounds, for purchasing pupil transportation vehicles or for liquidating any
18 indebtedness already incurred for such purposes. The proceeds of class B
19 bonds OR IMPACT AID REVENUE BONDS shall not be used for soft capital purposes
20 except for pupil transportation vehicles. A school district shall not issue
21 class B bonds until the school district has obligated in contract the entire
22 proceeds of any class A bonds issued by the school district. The total
23 amount of class A and class B bonds issued by a school district shall not
24 exceed the debt limitations prescribed in article IX, sections 8 and 8.1,
25 Constitution of Arizona.

26 4. To lease for five or more years, as lessor or as lessee, school
27 buildings or grounds. Approval by a majority of the school district electors
28 voting authorizes the governing board to negotiate for and enter into a
29 lease. The ballot shall list the school buildings or grounds for which a
30 lease is sought. If the governing board does not enter into a lease of five
31 or more years of the school buildings or grounds listed on the ballot within
32 five years of the date of the election and the board continues to seek such
33 a lease, the governing board shall call a special election to reauthorize the
34 board to negotiate for and to enter into a lease of five or more years.

35 B. No petition shall be required for the holding of the first election
36 to be held in a joint common school district for any of the purposes
37 specified in subsection A of this section. The notice of election required
38 by section 15-492 shall be published in each of the counties which comprise
39 the joint common school district. The certification of election results
40 required by section 15-493 shall be made to the board of supervisors of the
41 jurisdictional county.

42 C. When the election is called to determine whether or not bonds of
43 the school district shall be issued and sold for the purposes enumerated in
44 the call for the election, the question shall be submitted to the vote of the

1 qualified electors of the school district as defined in section 15-401 and
2 subject to the provisions of section 15-402.

3 D. The governing board shall order the election to be held in the
4 manner prescribed in title 35, chapter 3, article 3. If a petition for an
5 election has been filed with the governing board as provided in subsection
6 A of this section, the board shall act upon the petition within sixty days
7 by ordering the election to be held as provided in this subsection. If a
8 school district bond election is scheduled for the same date a school
9 district will hold an override election, the governing body shall deliver a
10 copy of the notice of election and ballot to the county school superintendent
11 who shall include the notice of election and ballot with the information
12 report and ballot prepared for the override election. Mailing of the
13 information required for both the override and bond elections shall
14 constitute compliance with the notice provisions of this section.

15 E. The elections to be held pursuant to this section shall only be
16 held on dates prescribed by section 16-204, except that elections held
17 pursuant to this section to decide whether class B bonds shall be issued
18 shall only be held on the first Tuesday after the first Monday of November.

19 F. Subsection A, paragraph 2 of this section does not apply to the
20 sale of school property if the market value of the school property is less
21 than fifty thousand dollars.

22 G. Bond counsel fees, financial advisory fees, printing costs and
23 paying agent and registrar fees for bonds issued pursuant to an election
24 under this section shall be paid from either the amount authorized by the
25 qualified electors of the school district or current operating funds. Bond
26 election expenses shall be paid from current operating funds only.

27 H. For any election conducted to decide whether class B bonds will be
28 issued pursuant to this section:

29 1. The ballot shall include the following statement:

30 The capital improvements that are proposed to be funded
31 through this bond issuance are to exceed the state standards and
32 are in addition to monies provided by the state.

33 _____ school district is proposing to issue class B
34 general obligation bonds totaling \$_____ to fund capital
35 improvements over and above those funded by the state. Under
36 the students first capital funding system, _____ school
37 district is entitled to state monies for building renewal, new
38 construction and renovation of school buildings in accordance
39 with state law.

40 2. The ballot shall contain the words "bond approval, yes" and "bond
41 approval, no", and the voter shall signify the voter's desired choice.

42 3. At least eighty-five days before the election, a school district
43 shall submit proposed ballot language to the director of the Arizona
44 legislative council. The director of the Arizona legislative council shall
45 review the proposed ballot language to determine whether the proposed ballot

1 language complies with this section. If the director of the Arizona
2 legislative council determines that the proposed ballot language does not
3 comply with this section, the director, within ten calendar days of the
4 receipt of the proposed ballot language, shall notify the school district of
5 the director's objections and the school district shall resubmit revised
6 ballot language to the director for approval.

7 4. No later than ten days before a class B bond election conducted
8 pursuant to this section, a school district shall mail to each qualified
9 elector in the school district a publicity pamphlet. The publicity pamphlet
10 shall contain, at a minimum, the following information:

11 (a) An executive summary of the school district's most recent capital
12 plan submitted to the school facilities board.

13 (b) A complete list of each proposed capital improvement that will be
14 funded with the proceeds of the bonds and a description of the proposed cost
15 of each improvement, including a separate aggregation of capital improvements
16 for administrative purposes as defined by the school facilities board.

17 (c) The tax rate associated with each of the proposed capital
18 improvements and the estimated cost of each capital improvement for the owner
19 of a single family home that is valued at eighty ONE HUNDRED thousand
20 dollars.

21 I. FOR ANY ELECTION CONDUCTED TO DECIDE WHETHER IMPACT AID REVENUE
22 BONDS SHALL BE ISSUED PURSUANT TO THIS SECTION:

23 1. THE BALLOT SHALL INCLUDE THE FOLLOWING STATEMENT:

24 THE CAPITAL IMPROVEMENTS THAT ARE PROPOSED TO BE FUNDED
25 THROUGH THIS BOND ISSUANCE ARE TO EXCEED THE STATE STANDARDS AND
26 ARE IN ADDITION TO MONIES PROVIDED BY THE STATE.

27 _____ SCHOOL DISTRICT IS PROPOSING TO ISSUE IMPACT
28 AID REVENUE BONDS TOTALING \$_____ TO FUND CAPITAL
29 IMPROVEMENTS OVER AND ABOVE THOSE FUNDED BY THE STATE. UNDER
30 THE STUDENTS FIRST CAPITAL FUNDING SYSTEM, _____ SCHOOL
31 DISTRICT IS ENTITLED TO STATE MONIES FOR BUILDING RENEWAL, NEW
32 CONSTRUCTION AND RENOVATION OF SCHOOL BUILDINGS IN ACCORDANCE
33 WITH STATE LAW.

34 2. THE BALLOT SHALL CONTAIN THE WORDS "BOND APPROVAL, YES" AND "BOND
35 APPROVAL, NO", AND THE VOTER SHALL SIGNIFY THE VOTER'S DESIRED CHOICE.

36 3. AT LEAST EIGHTY-FIVE DAYS BEFORE THE ELECTION, A SCHOOL DISTRICT
37 SHALL SUBMIT PROPOSED BALLOT LANGUAGE TO THE DIRECTOR OF THE LEGISLATIVE
38 COUNCIL. THE DIRECTOR OF THE LEGISLATIVE COUNCIL SHALL REVIEW THE PROPOSED
39 BALLOT LANGUAGE TO DETERMINE WHETHER THE PROPOSED BALLOT LANGUAGE COMPLIES
40 WITH THIS SECTION. IF THE DIRECTOR OF THE LEGISLATIVE COUNCIL DETERMINES
41 THAT THE PROPOSED BALLOT LANGUAGE DOES NOT COMPLY WITH THIS SECTION, THE
42 DIRECTOR, WITHIN TEN CALENDAR DAYS OF THE RECEIPT OF THE PROPOSED BALLOT
43 LANGUAGE, SHALL NOTIFY THE SCHOOL DISTRICT OF THE DIRECTOR'S OBJECTIONS AND
44 THE SCHOOL DISTRICT SHALL RESUBMIT REVISED BALLOT LANGUAGE TO THE DIRECTOR
45 FOR APPROVAL.

1 4. NO LATER THAN TEN DAYS BEFORE AN IMPACT AID REVENUE BOND ELECTION
2 CONDUCTED PURSUANT TO THIS SECTION, A SCHOOL DISTRICT SHALL MAIL TO EACH
3 QUALIFIED ELECTOR IN THE SCHOOL DISTRICT A PUBLICITY PAMPHLET. THE PUBLICITY
4 PAMPHLET SHALL CONTAIN, AT A MINIMUM, THE FOLLOWING INFORMATION:

5 (a) AN EXECUTIVE SUMMARY OF THE SCHOOL DISTRICT'S MOST RECENT CAPITAL
6 PLAN SUBMITTED TO THE SCHOOL FACILITIES BOARD.

7 (b) A COMPLETE LIST OF EACH PROPOSED CAPITAL IMPROVEMENT THAT WILL BE
8 FUNDED WITH THE PROCEEDS OF THE BONDS AND A DESCRIPTION OF THE PROPOSED COST
9 OF EACH IMPROVEMENT, INCLUDING A SEPARATE AGGREGATION OF CAPITAL IMPROVEMENTS
10 FOR ADMINISTRATIVE PURPOSES AS DEFINED BY THE SCHOOL FACILITIES BOARD.

11 (c) A STATEMENT THAT IMPACT AID REVENUE BONDS WILL BE FULLY FUNDED BY
12 AID THAT THE SCHOOL DISTRICT RECEIVES FROM THE FEDERAL GOVERNMENT AND DO NOT
13 REQUIRE A LEVY OF TAXES IN THE DISTRICT.

14 (d) A STATEMENT THAT IF THE BONDS ARE APPROVED THE FIRST PRIORITY FOR
15 THE IMPACT AID WILL BE TO PAY THE DEBT SERVICE FOR THE BONDS AND THAT OTHER
16 USES OF THE MONIES ARE PROHIBITED UNTIL THE DEBT SERVICE OBLIGATION IS MET.

17 (e) A STATEMENT THAT IF THE IMPACT AID REVENUE BONDS ARE APPROVED, THE
18 SCHOOL DISTRICT SHALL NOT ISSUE OR SELL CLASS B BONDS WHILE THE DISTRICT HAS
19 EXISTING INDEBTEDNESS FROM IMPACT AID REVENUE BONDS, EXCEPT FOR BONDS ISSUED
20 TO REFUND ANY BONDS ISSUED BY THE BOARD.

21 ~~I.~~ J. If the voters approve the issuance of school district class B
22 bonds OR IMPACT AID REVENUE BONDS, the school district shall not use the bond
23 proceeds for any purposes other than the proposed capital improvements listed
24 in the publicity pamphlet, except that up to ten per cent of the bond
25 proceeds may be used for general capital expenses, including cost overruns
26 of proposed capital improvements.

27 ~~J.~~ K. Each school district that issues bonds under this section is
28 required to hold a public meeting each year between September 1 and October
29 31, until the bond proceeds are spent, at which an update of the progress of
30 capital improvements financed through bonding is discussed and at which the
31 public is permitted an opportunity to comment. At a minimum, the update
32 shall include a comparison of the current status and the original projections
33 on the construction of capital improvements, the costs of capital
34 improvements and the costs of capital improvements in progress or completed
35 since the prior meeting and the future capital bonding plans of the school
36 district. The school district shall include in the public meeting a
37 discussion of the school district's use of state capital aid and
38 voter-approved capital overrides in funding capital improvements, if any.

39 Sec. 2. Section 15-964, Arizona Revised Statutes, is amended to read:
40 15-964. Federal impact adjustment

41 A. The governing board of a school district may compute a federal
42 impact adjustment to the unrestricted capital budget limit. The maximum
43 amount of the federal impact adjustment is the sum of the following:

1 1. Twenty-five per cent of the monies received from forest reserve
2 funds by the school district in the prior fiscal year as provided in section
3 41-736.

4 2. For a school district that is not an accommodation school, the
5 lesser of:

6 (a) Twenty-five per cent of the P.L. 81-874 revenues received in the
7 prior fiscal year.

8 (b) The total amount of P.L. 81-874 revenues received in the prior
9 fiscal year minus the sum of the following:

10 (i) The amount of P.L. 81-874 assistance used to increase the general
11 budget limit as provided in section 15-905, subsections K and O for the prior
12 fiscal year.

13 (ii) The amount budgeted for P.L. 81-874 administrative costs as
14 provided in section 15-905, subsection P for the current year.

15 (iii) THE AMOUNT BUDGETED FOR PRINCIPAL AND INTEREST ON IMPACT AID
16 REVENUE BONDS PURSUANT TO SECTION 15-2104 FOR THE CURRENT YEAR.

17 B. The federal impact adjustment shall only be budgeted and expended
18 for new construction, major renovation of buildings or soft capital.

19 C. The governing board may not compute a federal impact adjustment for
20 any year in which it budgets as provided in section 15-962, subsection F.

21 D. If the governing board underestimated the amount of the federal
22 impact adjustment for the current year, the board may adjust the unrestricted
23 capital budget limit and the budget before May 15. If the board
24 overestimated the amount of the federal impact adjustment for the current
25 year, the board shall adjust the unrestricted capital budget limit and the
26 budget before May 15. Not later than May 18, the budget as revised shall be
27 submitted electronically to the superintendent of public instruction.

28 Sec. 3. Section 15-1021, Arizona Revised Statutes, is amended to read:

29 15-1021. Limitation on bonded indebtedness; limitation on
30 authorization and issuance of bonds

31 A. Until December 31, 1999, a school district may issue class A bonds
32 for the purposes specified in this section and chapter 4, article 5 of this
33 title to an amount in the aggregate, including the existing indebtedness, not
34 exceeding fifteen per cent of the taxable property used for secondary
35 property tax purposes, as determined pursuant to title 42, chapter 15,
36 article 1, within a school district as ascertained by the last property tax
37 assessment previous to issuing the bonds.

38 B. From and after December 31, 1998, a school district may issue class
39 B bonds for the purposes specified in this section and chapter 4, article 5
40 of this title to an amount in the aggregate, including the existing class B
41 indebtedness, not exceeding five per cent of the taxable property used for
42 secondary property tax purposes, as determined pursuant to title 42, chapter
43 15, article 1, within a school district as ascertained by the last assessment
44 of state and county taxes previous to issuing the bonds, or one thousand five
45 hundred dollars per student count as determined pursuant to section 15-902,

1 whichever amount is greater. A school district shall not issue class B bonds
2 until the proceeds of any class A bonds issued by the school district have
3 been obligated in contract. The total amount of class A and class B bonds
4 issued by a school district shall not exceed the debt limitations prescribed
5 in article IX, section 8, Constitution of Arizona.

6 C. Until December 31, 1999, a unified school district, as defined
7 under article IX, section 8.1, Constitution of Arizona, may issue class A
8 bonds for the purposes specified in this section and chapter 4, article 5 of
9 this title to an amount in the aggregate, including the existing
10 indebtedness, not exceeding thirty per cent of the taxable property used for
11 secondary property tax purposes, as determined pursuant to title 42, chapter
12 15, article 1, within a unified school district as ascertained by the last
13 property tax assessment previous to issuing the bonds.

14 D. From and after December 31, 1998, a unified school district, as
15 defined under article IX, section 8.1, Constitution of Arizona, may issue
16 class B bonds for the purposes specified in this section and chapter 4,
17 article 5 of this title to an amount in the aggregate, including the existing
18 class B indebtedness, not exceeding ten per cent of the taxable property used
19 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
20 article 1, within a school district as ascertained by the last assessment of
21 state and county taxes previous to issuing the bonds, or one thousand five
22 hundred dollars per student count as determined pursuant to section 15-902,
23 whichever amount is greater. A unified school district shall not issue class
24 B bonds until the proceeds of any class A bonds issued by the unified school
25 district have been obligated in contract. The total amount of class A and
26 class B bonds issued by a unified school district shall not exceed the debt
27 limitations prescribed in article IX, section 8.1, Constitution of Arizona.

28 E. No bonds authorized to be issued by an election held after July 1,
29 1980 may be issued more than six years after the date of the election, except
30 that class A bonds shall not be issued after December 31, 1999.

31 F. Class A bond proceeds shall not be expended for items whose useful
32 life is less than the average life of the bonds issued, except that bond
33 proceeds shall not be expended for items whose useful life is less than five
34 years.

35 G. Class B bond proceeds shall not be expended for soft capital items
36 or other items whose useful life is less than the average useful life of the
37 bonds issued, except that bond proceeds shall not be expended for items whose
38 useful life is less than five years.

39 H. Notwithstanding subsections F and G of this section, bond proceeds
40 may be expended for purchasing pupil transportation vehicles.

41 I. A SCHOOL DISTRICT SHALL NOT AUTHORIZE, ISSUE OR SELL BONDS PURSUANT
42 TO THIS SECTION IF THE SCHOOL DISTRICT HAS ANY EXISTING INDEBTEDNESS FROM
43 IMPACT AID REVENUE BONDS PURSUANT TO ARTICLE 8 OF THIS TITLE, EXCEPT FOR
44 BONDS ISSUED TO REFUND ANY BONDS ISSUED BY THE GOVERNING BOARD.

1 Sec. 4. Title 15, chapter 16, Arizona Revised Statutes, is amended by
2 adding article 8, to read:

3 ARTICLE 8. IMPACT AID REVENUE BONDS

4 15-2101. Definition

5 FOR THE PURPOSES OF THIS ARTICLE, "IMPACT AND REVENUES" MEANS THE
6 REVENUES RECEIVED BY THE SCHOOL DISTRICT PURSUANT TO 20 UNITED STATES CODE
7 SECTIONS 7701 THROUGH 7714.

8 15-2102. Authorization of school district impact aid revenue
9 bonds; definition

10 A. ON VOTER APPROVAL PURSUANT TO SECTION 15-491, A SCHOOL DISTRICT
11 GOVERNING BOARD MAY ISSUE NEGOTIABLE IMPACT AID REVENUE BONDS PURSUANT TO
12 THIS ARTICLE. BONDS MAY BE ISSUED UNDER THIS ARTICLE IN A TOTAL AGGREGATE
13 AMOUNT NOT TO EXCEED THREE TIMES THE AVERAGE OF THE SCHOOL DISTRICT'S ANNUAL
14 IMPACT AID REVENUES FOR THE FIVE YEARS IMMEDIATELY PRECEDING THE ISSUANCE OF
15 THE BONDS. THE BOND PROCEEDS MAY BE USED TO:

16 1. PROVIDE MONIES TO PAY THE COST OF:

17 (a) CAPITAL PROJECTS AUTHORIZED UNDER CHAPTER 4, ARTICLE 5 OF THIS
18 TITLE.

19 (b) BOND RELATED EXPENSES INCLUDING ANY EXPENSES INCURRED BY THE
20 SCHOOL DISTRICT TO ISSUE AND ADMINISTER ITS BONDS INCLUDING UNDERWRITING FEES
21 AND COSTS, TRUSTEE FEES, FINANCIAL CONSULTANT FEES, PRINTING AND ADVERTISING
22 COSTS, PAYING AGENT FEES, TRANSFER AGENT FEES, LEGAL, ACCOUNTING, FEASIBILITY
23 CONSULTANT AND OTHER PROFESSIONAL FEES AND EXPENSES, BOND INSURANCE OR OTHER
24 CREDIT ENHANCEMENTS OR LIQUIDITY FACILITIES, ATTORNEY AND ACCOUNTING FEES AND
25 EXPENSES RELATED TO CREDIT ENHANCEMENT, BOND INSURANCE OR LIQUIDITY
26 ENHANCEMENT, REMARKETING FEES, RATING AGENCY FEES AND COSTS, TRAVEL AND
27 TELEPHONE EXPENSES AND ALL OTHER FEES CONSIDERED NECESSARY BY THE GOVERNING
28 BOARD IN ORDER TO MARKET AND ADMINISTER THE BONDS.

29 2. FULLY OR PARTIALLY FUND ANY RESERVES OR SINKING ACCOUNTS
30 ESTABLISHED BY THE BOND RESOLUTION.

31 B. THE GOVERNING BOARD SHALL AUTHORIZE THE BONDS BY RESOLUTION. THE
32 RESOLUTION SHALL PRESCRIBE:

33 1. THE FIXED OR VARIABLE RATE OR RATES OF INTEREST, PAYABLE
34 SEMIANNUALLY, AND THE DENOMINATIONS OF THE BONDS.

35 2. THE DATE OR DATES OF THE BONDS AND MATURITY, WITHIN TWENTY YEARS
36 AFTER THE DATE OF ISSUANCE.

37 3. THE FORM OF THE BONDS.

38 4. THE MANNER OF EXECUTING THE BONDS.

39 5. THE MEDIUM AND PLACE OF PAYMENT.

40 6. THE TERMS OF REDEMPTION, WHICH MAY PROVIDE FOR A PREMIUM FOR EARLY
41 REDEMPTION.

42 C. THE BONDS ISSUED PURSUANT TO THIS ARTICLE SHALL BE KNOWN AS IMPACT
43 AID REVENUE BONDS.

44 D. AN ACCOMMODATION SCHOOL MAY NOT ISSUE IMPACT AID REVENUE BONDS.

1 15-2103. Issuance and sale of impact aid revenue bonds

2 A. THE GOVERNING BOARD SHALL ISSUE THE BONDS IN THE NUMBER AND AMOUNT
3 PROVIDED IN THE RESOLUTION.

4 B. THE BONDS SHALL BE SOLD AT PUBLIC OR PRIVATE SALE AT THE PRICE AND
5 ON THE TERMS PRESCRIBED IN THE RESOLUTION FOR AT, ABOVE OR BELOW PAR.

6 C. THE PROCEEDS OF THE SALE OF THE BONDS SHALL BE DEPOSITED IN THE
7 COUNTY TREASURY TO THE CREDIT OF THE SCHOOL DISTRICT'S IMPACT AID REVENUE
8 BOND BUILDING FUND. THESE DEPOSITS MAY BE DRAWN OUT FOR THE PURPOSES
9 AUTHORIZED BY THIS ARTICLE AS OTHER SCHOOL MONIES ARE DRAWN.

10 D. REVENUE BOND PROCEEDS SHALL NOT BE EXPENDED FOR ITEMS WHOSE USEFUL
11 LIFE IS LESS THAN THE AVERAGE LIFE OF THE BONDS ISSUED, EXCEPT THAT BOND
12 PROCEEDS SHALL NOT BE EXPENDED FOR ITEMS WHOSE USEFUL LIFE IS LESS THAN FIVE
13 YEARS.

14 15-2104. Impact aid revenue bond building and debt service
15 funds

16 A. IF A SCHOOL DISTRICT ISSUES IMPACT AID REVENUE BONDS UNDER THIS
17 ARTICLE, THE GOVERNING BOARD SHALL ESTABLISH:

18 1. AN IMPACT AID REVENUE BOND BUILDING FUND CONSISTING OF THE NET
19 PROCEEDS RECEIVED FROM THE SALE OF THE BONDS. THE FUND SHALL BE A CONTINUING
20 FUND THAT IS NOT SUBJECT TO REVERSION.

21 2. AN IMPACT AID REVENUE BOND DEBT SERVICE FUND CONSISTING OF MONIES
22 RECEIVED BY THE SCHOOL DISTRICT FROM IMPACT AID REVENUES.

23 B. MONIES IN THE IMPACT AID REVENUE BOND BUILDING FUND AND THE IMPACT
24 AID REVENUE BOND DEBT SERVICE FUND MAY BE USED ONLY FOR THE PURPOSES
25 AUTHORIZED BY THIS ARTICLE.

26 C. THE SCHOOL DISTRICT SHALL PROVIDE THE COUNTY TREASURER WITH AN
27 IMPACT AID REVENUE BOND DEBT SERVICE SCHEDULE. THE COUNTY TREASURER SHALL
28 KEEP AN ACCOUNT OF ALL SCHOOL DISTRICT DEBT SERVICE FUNDS THAT SHOWS THE
29 SCHOOL DISTRICT TO WHICH EACH FUND BELONGS. THE COUNTY TREASURER SHALL
30 CREDIT TO THE IMPACT AID REVENUE BOND DEBT SERVICE FUND AN AMOUNT FROM IMPACT
31 AID REVENUES EQUAL TO THE PRINCIPAL AND INTEREST THAT WILL BECOME DUE ON THE
32 IMPACT AID REVENUE BONDS DURING THE CURRENT YEAR. THE TREASURER SHALL
33 RECEIVE AND CREDIT ANY INTEREST OR INCOME EARNED BY THE DEBT SERVICE FUND.

34 D. NOTWITHSTANDING ANY OTHER PROVISION IN THIS ARTICLE, THE ANNUAL
35 PAYMENT OF PRINCIPAL AND INTEREST ON IMPACT AID REVENUE BONDS EACH YEAR SHALL
36 NOT EXCEED SEVENTY-FIVE PER CENT OF THE NET IMPACT AID REVENUES OF THE SCHOOL
37 DISTRICT FOR THE CURRENT YEAR. FOR THE PURPOSES OF THIS SUBSECTION, NET
38 IMPACT AID REVENUES MEAN IMPACT AID REVENUES FOR THE YEAR AFTER DEDUCTING THE
39 SUM OF THE FOLLOWING AMOUNTS:

40 1. THE AMOUNT OF ANY INCREASE IN THE SCHOOL DISTRICT'S GENERAL BUDGET
41 LIMIT PURSUANT TO SECTION 15-905, SUBSECTIONS K, O AND P.

42 2. THE AMOUNT NECESSARY TO FUND ANY BUDGET OVERRIDE ADOPTED PURSUANT
43 TO SECTION 15-481, SUBSECTION F, J OR M.

44 3. THE AMOUNT THAT WOULD BE PRODUCED BY LEVYING THE APPLICABLE
45 QUALIFYING TAX RATE AS PROVIDED IN SECTION 15-971, SUBSECTION B, MINUS THE

1 AMOUNT LEVIED FOR PRIMARY SCHOOL DISTRICT TAXES FOR THE YEAR PURSUANT TO
2 SECTION 15-992, EXCEPT THAT IF THE RESULT IS A NEGATIVE NUMBER, USE ZERO.

3 15-2105. Securing principal and interest

4 TO SECURE THE PRINCIPAL AND INTEREST ON THE IMPACT AID REVENUE BONDS,
5 THE GOVERNING BOARD BY RESOLUTION MAY:

6 1. SEGREGATE THE IMPACT AID REVENUE BOND DEBT SERVICE FUND INTO ONE
7 OR MORE ACCOUNTS AND SUBACCOUNTS AND PROVIDE THAT BONDS ISSUED UNDER THIS
8 ARTICLE MAY BE SECURED BY A LIEN ON ALL OR PART OF THE MONIES PAID INTO THE
9 IMPACT AID REVENUE BOND DEBT SERVICE FUND OR INTO ANY ACCOUNT OR SUBACCOUNT
10 IN THE FUND.

11 2. PROVIDE THAT THE BONDS ISSUED UNDER THIS ARTICLE ARE SECURED BY A
12 FIRST LIEN ON THE MONIES PAID IN THE IMPACT AID REVENUE BOND DEBT SERVICE
13 FUND AS PROVIDED BY SECTION 15-2104 AND PLEDGE AND ASSIGN TO OR IN TRUST FOR
14 THE BENEFIT OF THE HOLDER OR HOLDERS OF THE BONDS ALL OR PART OF THE MONIES
15 IN THE IMPACT AID REVENUE BOND DEBT SERVICE FUND OR AN ACCOUNT OR SUBACCOUNT
16 AS IS NECESSARY TO SECURE AND PAY THE PRINCIPAL, THE INTEREST AND ANY PREMIUM
17 ON THE BONDS AS THEY COME DUE.

18 3. ESTABLISH PRIORITIES AMONG BONDHOLDERS BASED ON CRITERIA ADOPTED
19 BY THE GOVERNING BOARD.

20 4. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING ACCOUNTS.

21 5. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT
22 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS
23 OF WHICH MUST CONSENT TO AND THE MANNER IN WHICH THE CONSENT MAY BE GIVEN.

24 6. PROVIDE FOR PAYMENT OF BOND RELATED EXPENSES FROM THE PROCEEDS OF
25 THE SALE OF THE BONDS OR OTHER REVENUES AUTHORIZED BY THIS ARTICLE AVAILABLE
26 TO THE SCHOOL DISTRICT.

27 7. PROVIDE FOR THE SERVICES OF TRUSTEES, COTRUSTEES, AGENTS AND
28 CONSULTANTS AND OTHER SPECIALIZED SERVICES WITH RESPECT TO THE BONDS.

29 8. TAKE ANY OTHER ACTION THAT IN ANY WAY MAY AFFECT THE SECURITY AND
30 PROTECTION OF THE BONDS OR INTEREST ON THE BONDS.

31 9. REFUND ANY BONDS ISSUED BY THE SCHOOL DISTRICT, IF THESE BONDS ARE
32 SECURED FROM THE SAME SOURCE OF REVENUES AS THE BONDS AUTHORIZED BY THIS
33 ARTICLE, BY ISSUING NEW BONDS.

34 10. ISSUE BONDS PARTLY TO REFUND OUTSTANDING BONDS AND PARTLY FOR ANY
35 OTHER PURPOSE CONSISTENT WITH THIS ARTICLE.

36 15-2106. Cancellation of unsold impact aid revenue bonds

37 A. IF AN IMPACT AID REVENUE BOND ISSUE REMAINS UNSOLD FOR SIX MONTHS
38 AFTER BEING OFFERED FOR SALE, THE GOVERNING BOARD OF THE SCHOOL DISTRICT OR
39 ANY SCHOOL DISTRICT COMPRISED WHOLLY OR PARTLY OF TERRITORY THAT WAS PART OF
40 THE SCHOOL DISTRICT AT THE TIME OF ISSUING THE BONDS MAY CANCEL THE UNSOLD
41 BONDS.

42 B. THE GOVERNING BOARD SHALL FIX A TIME FOR A HEARING ON THE PROPOSED
43 CANCELLATION OF THE UNSOLD BONDS. THE GOVERNING BOARD SHALL GIVE NOTICE OF
44 THE TIME, PLACE AND SUBJECT OF THE HEARING. THE NOTICE SHALL BE PUBLISHED

1 FOR TEN DAYS BEFORE THE HEARING IN A NEWSPAPER OF GENERAL CIRCULATION IN THE
2 DISTRICT.

3 C. AT THE TIME AND PLACE DESIGNATED IN THE NOTICE, THE GOVERNING BOARD
4 SHALL HEAR REASONS FOR OR AGAINST THE PROPOSED CANCELLATION OF THE UNSOLD
5 BONDS, AND IF THE BOARD CONSIDERS IT TO BE IN THE SCHOOL DISTRICT'S BEST
6 INTERESTS, IT SHALL ORDER THE UNSOLD BONDS TO BE CANCELLED AND THE BONDS AND
7 THE VOTE BY WHICH THEY WERE AUTHORIZED TO BE ISSUED ARE VOID.

8 15-2107. Payment of impact aid revenue bonds; use of surplus
9 monies

10 A. THE IMPACT AID REVENUE BONDS SHALL BE PAID SOLELY FROM MONIES
11 DISTRIBUTED TO THE SCHOOL DISTRICT FROM IMPACT AID REVENUES AND OTHER MONIES
12 THAT ARE AUTHORIZED BY THIS ARTICLE AND THAT ARE CREDITED TO THE SCHOOL
13 DISTRICT'S IMPACT AID REVENUE BOND DEBT SERVICE FUND.

14 B. THE COUNTY TREASURER OR THE PAYING AGENT FOR THE IMPACT AID REVENUE
15 BONDS SHALL CANCEL ALL IMPACT AID REVENUE BONDS WHEN PAID. ANY SURPLUS
16 MONIES REMAINING IN THE IMPACT AID REVENUE BOND DEBT SERVICE FUND SHALL BE
17 TRANSFERRED BACK TO THE SCHOOL DISTRICT'S CAPITAL OUTLAY FUND.

18 C. IF A BALANCE REMAINS IN THE SCHOOL DISTRICT'S IMPACT AID REVENUE
19 BOND BUILDING FUND AFTER THE ACQUISITION OR CONSTRUCTION OF FACILITIES FOR
20 WHICH THE BONDS WERE ISSUED IS COMPLETED AND THE PAYMENT OF OTHER RELATED
21 COSTS, THE BALANCE REMAINING IN THE IMPACT AID REVENUE BOND BUILDING FUND
22 SHALL BE TRANSFERRED TO THE SCHOOL DISTRICT'S CAPITAL OUTLAY FUND.

23 15-2108. Investment of monies in impact aid revenue bond
24 building fund

25 A. IF MONIES IN THE IMPACT AID REVENUE BOND BUILDING FUND ARE NOT
26 REQUIRED TO BE USED FOR A PERIOD OF TEN DAYS OR MORE, THE GOVERNING BOARD MAY
27 AUTHORIZE THEIR INVESTMENT.

28 B. THE ORDER DIRECTING AN INVESTMENT SHALL STATE A SPECIFIED TIME WHEN
29 THE PROCEEDS FROM THE SALE OF THE BONDS WILL BE USED. THE GOVERNING BOARD
30 SHALL MAKE THE INVESTMENT IN SUCH A WAY AS TO MATURE AT THE SPECIFIED DATE.

31 C. ALL MONIES EARNED AS INTEREST OR OTHERWISE DERIVED FROM THE
32 INVESTMENT OF THE MONIES IN THE IMPACT AID REVENUE BOND BUILDING FUND SHALL
33 BE CREDITED TO THE IMPACT AID REVENUE BOND DEBT SERVICE FUND.

34 15-2109. Investment of monies in impact aid revenue bond debt
35 service fund

36 A. THE GOVERNING BOARD MAY AUTHORIZE THE INVESTMENT AND REINVESTMENT
37 OF ANY MONIES IN THE SCHOOL DISTRICT'S IMPACT AID REVENUE BOND DEBT SERVICE
38 FUND.

39 B. ALL MONIES EARNED AS INTEREST OR OTHERWISE DERIVED FROM THE
40 INVESTMENT OF THE MONIES IN THE IMPACT AID REVENUE BOND DEBT SERVICE FUND
41 SHALL BE CREDITED TO THAT FUND.

42 C. THE IMPACT AID REVENUE BOND DEBT SERVICE FUND IS A CONTINUING FUND
43 AND IS NOT SUBJECT TO REVERSION.

1 15-2110. Authorized investments of fund monies

2 A. THE MONIES IN EITHER THE IMPACT AID REVENUE BOND BUILDING FUND OR
3 DEBT SERVICE FUND MAY BE INVESTED AND REINVESTED AT THE DIRECTION OF THE
4 GOVERNING BOARD IN ANY OF THE INVESTMENTS AUTHORIZED BY SECTION 15-2062.

5 B. THE PURCHASE OF THE SECURITIES SHALL BE MADE BY THE COUNTY
6 TREASURER OR THE TREASURER'S DESIGNATED AGENT ON AUTHORITY OF A RESOLUTION
7 OF THE GOVERNING BOARD. THE COUNTY TREASURER SHALL ACT AS CUSTODIAN OF ALL
8 SECURITIES PURCHASED. THE SECURITIES MAY BE SOLD ON AN ORDER OF THE
9 GOVERNING BOARD.

10 15-2111. Audit

11 A. THE GOVERNING BOARD SHALL CAUSE AN ANNUAL AUDIT TO BE MADE OF THE
12 IMPACT AID REVENUE BOND BUILDING FUND AND THE IMPACT AID REVENUE BOND DEBT
13 SERVICE FUND, INCLUDING ALL ACCOUNTS AND SUBACCOUNTS IN THE FUNDS. A
14 CERTIFIED PUBLIC ACCOUNTANT SHALL CONDUCT THE AUDIT WITHIN NINETY DAYS AFTER
15 THE END OF THE FISCAL YEAR.

16 B. THE GOVERNING BOARD SHALL IMMEDIATELY FILE A CERTIFIED COPY OF THE
17 AUDIT WITH THE AUDITOR GENERAL. THE AUDITOR GENERAL MAY MAKE ANY FURTHER
18 AUDITS AND EXAMINATIONS THAT ARE CONSIDERED TO BE NECESSARY AND TAKE
19 APPROPRIATE ACTION RELATING TO THE AUDIT OR EXAMINATION PURSUANT TO TITLE 41,
20 CHAPTER 7, ARTICLE 10.1. IF THE AUDITOR GENERAL TAKES NO OFFICIAL ACTION
21 WITHIN THIRTY DAYS AFTER THE AUDIT IS FILED, THE AUDIT IS CONSIDERED TO BE
22 SUFFICIENT.

23 C. THE GOVERNING BOARD SHALL PAY NEGOTIATED AND APPROVED FEES AND
24 COSTS OF THE CERTIFIED PUBLIC ACCOUNTANT AND AUDITOR GENERAL UNDER THIS
25 SECTION FROM THE IMPACT AID REVENUE BOND DEBT SERVICE FUND.

26 15-2112. Lien of pledge

27 A. ANY PLEDGE MADE UNDER THIS ARTICLE IS VALID AND BINDING FROM THE
28 TIME WHEN THE PLEDGE IS MADE.

29 B. THE MONIES SO PLEDGED AND RECEIVED BY THE SCHOOL DISTRICT TO BE
30 PLACED IN THE IMPACT AID REVENUE BOND DEBT SERVICE FUND ARE IMMEDIATELY
31 SUBJECT TO THE LIEN OF THE PLEDGE WITHOUT ANY FUTURE PHYSICAL DELIVERY OR
32 FURTHER ACT. ANY LIEN OF ANY PLEDGE IS VALID AND BINDING AGAINST ALL PARTIES
33 THAT HAVE CLAIMS OF ANY KIND AGAINST THE SCHOOL DISTRICT, REGARDLESS OF
34 WHETHER THE PARTIES HAVE NOTICE OF THE LIEN. THE OFFICIAL RESOLUTION OR
35 TRUST INDENTURE OR ANY INSTRUMENT BY WHICH THIS PLEDGE IS CREATED, WHEN
36 ADOPTED BY THE GOVERNING BOARD, IS NOTICE TO ALL CONCERNED OF THE CREATION
37 OF THE PLEDGE, AND THOSE INSTRUMENTS NEED NOT BE RECORDED IN ANY OTHER PLACE
38 TO PERFECT THE PLEDGE.

39 15-2113. Characteristics of bonds; negotiable; exemption from
40 taxation; obligation; legal investments

41 A. BONDS ISSUED UNDER THIS ARTICLE ARE FULLY NEGOTIABLE WITHIN THE
42 MEANING AND FOR ALL PURPOSES OF THE UNIFORM COMMERCIAL CODE, SUBJECT ONLY TO
43 ANY PROVISIONS FOR REGISTRATION, REGARDLESS OF WHETHER THE BONDS ACTUALLY
44 CONSTITUTE NEGOTIABLE INSTRUMENTS UNDER THE UNIFORM COMMERCIAL CODE.

1 B. THE BONDS, THEIR TRANSFER AND THE INCOME FROM THE BONDS ARE AT ALL
2 TIMES FREE FROM TAXATION IN THIS STATE.

3 C. BONDS ISSUED UNDER THIS ARTICLE:

4 1. ARE OBLIGATIONS OF THE SCHOOL DISTRICT. THE MEMBERS OF THE
5 GOVERNING BOARD AND PERSONS EXECUTING THE BONDS ARE NOT PERSONALLY LIABLE FOR
6 PAYMENT OF THE BONDS.

7 2. ARE PAYABLE ONLY ACCORDING TO THEIR TERMS.

8 3. ARE NOT GENERAL, SPECIAL OR OTHER OBLIGATIONS OF THE COUNTY OR OF
9 THIS STATE.

10 4. DO NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THIS STATE.

11 5. ARE NOT ENFORCEABLE AGAINST THE COUNTY OR THIS STATE NOR IS PAYMENT
12 OF THE BONDS ENFORCEABLE OUT OF ANY MONIES OTHER THAN THE REVENUE PLEDGED AND
13 ASSIGNED TO, OR IN TRUST FOR THE BENEFIT OF, THE HOLDER OR HOLDERS OF THE
14 BONDS.

15 6. ARE SECURITIES IN WHICH PUBLIC OFFICERS AND BODIES OF THIS STATE
16 AND OF MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE, ALL
17 COMPANIES, ASSOCIATIONS AND OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS,
18 ALL FINANCIAL INSTITUTIONS, INVESTMENT COMPANIES AND OTHER PERSONS CARRYING
19 ON A BANKING BUSINESS, ALL FIDUCIARIES AND ALL OTHER PERSONS WHO ARE
20 AUTHORIZED TO INVEST IN GOVERNMENT OBLIGATIONS MAY PROPERLY AND LEGALLY
21 INVEST.

22 7. ARE SECURITIES THAT MAY BE DEPOSITED WITH PUBLIC OFFICERS OR BODIES
23 OF THIS STATE AND MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE FOR
24 PURPOSES THAT REQUIRE THE DEPOSIT OF GOVERNMENT BONDS OR OBLIGATIONS.

25 15-2114. Effect of changing circumstances on bonds; agreement
26 of state

27 A. BONDS ISSUED UNDER THIS ARTICLE REMAIN VALID AND BINDING
28 OBLIGATIONS OF THE SCHOOL DISTRICT NOTWITHSTANDING THAT BEFORE THE DELIVERY
29 OF THE BONDS ANY OF THE PERSONS WHOSE SIGNATURES APPEAR ON THE BONDS CEASE
30 TO BE OFFICERS OF THE SCHOOL DISTRICT.

31 B. AN AMENDMENT OF ANY PROVISION OF THIS ARTICLE DOES NOT DIMINISH OR
32 IMPAIR THE VALIDITY OF BONDS ISSUED UNDER THIS ARTICLE OR THE REMEDIES AND
33 RIGHTS OF BONDHOLDERS.

34 C. THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS
35 AUTHORIZED BY THIS ARTICLE THAT THIS STATE WILL NOT LIMIT, ALTER OR IMPAIR
36 THE ABILITY OF A SCHOOL DISTRICT TO QUALIFY FOR IMPACT AID REVENUES, OR IN
37 ANY WAY IMPAIR THE RIGHTS AND REMEDIES OF THE BONDHOLDERS, UNTIL ALL BONDS
38 ISSUED UNDER THIS ARTICLE, TOGETHER WITH INTEREST ON THE BONDS, INTEREST ON
39 ANY UNPAID INSTALLMENTS OF PRINCIPAL OR INTEREST AND ALL COSTS AND EXPENSES
40 IN CONNECTION WITH ANY ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE
41 BONDHOLDERS, ARE FULLY MET AND DISCHARGED. THE GOVERNING BOARD, AS AGENT FOR
42 THIS STATE, MAY INCLUDE THIS PLEDGE AND UNDERTAKING IN ITS RESOLUTIONS AND
43 INDENTURES AUTHORIZING AND SECURING THE BONDS.

1 15-2115. Validity of bonds; certification by attorney general

2 A. THIS ARTICLE CONSTITUTES FULL AUTHORITY FOR AUTHORIZING AND ISSUING
3 BONDS WITHOUT REFERENCE TO ANY OTHER LAW OF THIS STATE. NO OTHER LAW WITH
4 REGARD TO AUTHORIZING OR ISSUING OBLIGATIONS OR THAT IN ANY WAY IMPEDES OR
5 RESTRICTS PERFORMING THE ACTS AUTHORIZED BY THIS ARTICLE MAY BE CONSTRUED TO
6 APPLY TO ANY PROCEEDINGS TAKEN OR ACTS DONE PURSUANT TO THIS ARTICLE.

7 B. THE VALIDITY OF BONDS ISSUED UNDER THIS ARTICLE IS NOT DEPENDENT
8 ON OR AFFECTED BY THE LEGALITY OF ANY PROCEEDING RELATING TO THE ACQUISITION,
9 CONSTRUCTION OR IMPROVEMENT OF ANY SCHOOL DISTRICT CAPITAL PROJECT FOR WHICH
10 THE BONDS ARE ISSUED.

11 C. THE GOVERNING BOARD MAY SUBMIT TO THE ATTORNEY GENERAL REVENUE
12 BONDS TO BE ISSUED UNDER THIS ARTICLE AFTER ALL PROCEEDINGS FOR AUTHORIZING
13 THE BONDS HAVE BEEN COMPLETED. WITHIN FIFTEEN DAYS AFTER SUBMISSION, THE
14 ATTORNEY GENERAL SHALL EXAMINE THE BONDS AND PASS ON THE VALIDITY OF THE
15 BONDS AND THE REGULARITY OF THE PROCEEDINGS. IF THE BONDS AND PROCEEDINGS
16 COMPLY WITH THE ARIZONA CONSTITUTION AND THIS ARTICLE, AND IF THE BONDS WHEN
17 DELIVERED AND PAID FOR WILL CONSTITUTE BINDING AND LEGAL OBLIGATIONS OF THE
18 SCHOOL DISTRICT, THE ATTORNEY GENERAL SHALL CERTIFY IN SUBSTANCE THAT THE
19 BONDS ARE ISSUED ACCORDING TO THE CONSTITUTION AND LAWS OF THIS STATE. THE
20 CERTIFICATE SHALL ALSO STATE THAT THE BONDS ARE ALSO VALIDLY SECURED BY THE
21 OBLIGATION TO TRANSFER IMPACT AID REVENUES TO COVER ANY INSUFFICIENCIES.

22 D. THE BONDS SHALL RECITE THAT THEY ARE REGULARLY ISSUED PURSUANT TO
23 THIS ARTICLE. FROM AND AFTER THE SALE AND DELIVERY OF THE BONDS, THEY ARE
24 INCONTESTABLE BY THIS STATE OR THE SCHOOL DISTRICT.

APPROVED BY THE GOVERNOR APRIL 23, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 24, 2001.

Passed the House March 19, 2001,

Passed the Senate April 11, 2001,

by the following vote: 50 Ayes,

by the following vote: 30 Ayes,

6 Nays, 4 Not Voting

0 Nays, 0 Not Voting

Jake Dolan
Speaker of the House
Pro Tempore

Reverah Short
President of the Senate

Norman L. Moore
Chief Clerk of the House

Chaima Bellington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

H.B. 2440

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 17, 2001,

by the following vote: 44 Ayes,

9 Nays, 7 Not Voting

[Signature]
Speaker of the House

[Signature]
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

17 day of April, 2001,

at 11:00 o'clock A M.

[Signature]
Secretary to the Governor

Approved this 23 day of

April, 2001,

at 6:40 o'clock P M.

[Signature]
Governor of Arizona

H.B. 2440

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 24 day of April, 2001,

at 4:50 o'clock P M.

[Signature]
Secretary of State